

INFORMATION REPORT

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Information

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
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1. The 1955 Economic Plan which was drawn up in late 1954 was essentially based on the material situation, i.e. 1955 production quotas were established taking into consideration the material supplies available. For this reason the 1955 production increase was kept relatively low, only 7% over the 1954 production. After the plan was established, the gross production control figures in measurement values were given to the individual enterprises so that the enterprises could establish their individual production plans on the basis of these control figures. In late February 1955, the enterprises under the East German Ministry for Machine Construction had completed their individual production plans and forwarded them to the Ministry in what was termed "Planruecklauf". 25X1
2. In early March 1955, the Ministry for Machine Construction established the fact that the Planruecklauf of all its enterprises exceeded by about 400 million DME the production plan figure of the Economic Plan. Therefore, the Ministry is now engaged in cutting down the production plans of the individual enterprises and approving them only to such extent as would not exceed the original Economic Plan. 25X1
3. The rather surprising fact that the managements of the individual enterprises, in spite of the tight material supply situation, endeavored to exceed their production plan control figures, is to be explained in the following way. The enterprises do not in the first place consider the material situation. They desire authorization of higher production quotas than originally foreseen in the Economic Plan because otherwise they would be faced with the necessity of releasing manpower. They are, however, not allowed to release workers in accordance with the policy of the East German government. This would put them into an impossible situation because the 1955 profit plan is high. 25X1

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The managements of the enterprises, therefore, now prefer authorization of higher production quotas although they do not know how to solve the material supply difficulties. However, if the Economic Plan were to be accepted by them, they would soon have surplus labor.

4. A recent event illustrates this situation and is indicative of the status of East German manpower in general. By intent of the East German Government, no official statistics on existing or threatening unemployment are available. An unspecified enterprise in Karl-Marx-Stadt under the Main Administration for Polygraphic and Textile Industries of the Ministry for Machine Construction was erroneously authorized by the Ministry to start its production on the basis of the individual plan drawn up by this enterprise and forwarded to the Ministry. This plan exceeded the production control figure assigned to the enterprise. The erroneous approval was given on 1 March 1955; the error was noted in the Main Administration on 7 March. The Main Administration immediately called the management of the enterprise by telephone and cancelled the approval. The management of the enterprise informed the Main Administration that on the basis of the approval, it had already hired about 100 new workers. The approval was nevertheless cancelled, and the workers must be released. That about 100 new workers could be found, hired, and processed for work in less than a week indicates circumstances not publicly known but well known in the Ministry: there is wide-spread unemployment in the Karl-Marx Stadt area. The same situation exists in the Aue region.

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